A LETTER TO A MEMBER OF PARLIAMENT Concerning the BANK OF SCOTLAND And the Lowering of Intereſt of MONEY.

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SIR,

OF late, that every Body was talking of Trade, and of Enriching the Nation thereby, you may remember, how often you and I have Diſcourſed about the *African* and *Indian* Company, and conſidered what Advantages might accreſce to the whole Kingdom by it, and how glad we were to ſee our Countrey-Men fall into that Road of Trading, which they had ſo long neglected. On this Occaſion we alſo talked of the *Bank*, but you did not ſeem ſo ſatisfied about that, and thought that it might be a Cheat and Contrivance of ſome People to bubble the Nation out of its Money; And conſequently, that it ought to be diſcouraged. You may remember alſo, that I undertook the Defence of it ſeveral times, but in the Hurry of Company, and Heat of Diſcourſe, People do generally miſtake one another, which was the Occaſion of my giving you the Trouble of this at a time, that it may be uſeful, it being the Common Talk that the preſent *Parliament* is to have it under their Conſideration.

It is a received *Maxim* by all who underſtand the Good of a Kingdom, that the *Abatement*, or *Lowering* of *Intereſt* of *Money*, is the Advancing of Trade, this Sir *Joſiah Child* has ſufficiently demonſtrated, and it is certainly true, that we may gueſs at the Condition a Nation is in, by enquiring only at what Intereſt the Money goes. That thereby the Value of *Land Eſtates* will become greater, and conſequently that of the whole Kingdom is evident, and which muſt be an Effect of the Increaſe of Riches, and of Forraign Trade, they alwayes going of neceſſity together, as Sir *Joſiah* has very well obſerved; But the bringing down of Intereſt of Money by Law, is a thing that will neither do the one or the other; On the contrary, that it will be pernicious to the Kingdom, can be eaſily made out, notwithſtanding of all the Buſle that Gentle-

Men makes about it : The Ingenious Mr. *Lock* has done it, t[I] have not ſeen his Book, however it ſeems to be ſo clear, that I ſh. eaſily convince you of it in very few words.

Money is nothing elſe but a *Commodity agreed upon by the unanimous Conſent of moſt Nations, to be the common Barter of all others*, the price whereof, like that of any other Commodity, doth riſe and fall in a place in proportion to it's ſcarcity and plenty, and what we call the *Intereſt of Money*, is nothing but a price for the uſe of that Commodity. Now they that can or will give the beſt price for any Commodity, will have it notwithſtanding the oppoſition of any Laws, or interpoſition of any Power : Of ſuch Force, Subtilty and Power is the General courſe of Trade. This Sir *Joſiah* has upon another account, but I wonder he would not apply it to the buſineſs in queſtion, which would have ſatisfied him of his Error, if he had. We ſee when there is ſcarcity of Grain, that no Law can bring it to ſuch a price as the Poor can afford , nor when there is great plenty, can any Law keep it up at ſuch a Standard as Country-Gentlemen would be at : In a word, all things of that Nature will keep their own Natural courſe, we may ſtop their Current for a while, but they muſt at laſt in ſpite of all oppoſition come to their own Level, tho with a great deal of more confuſion and diſturbance. Suppoſe there was a Law made for low intereſt, the effect of it would be, That honeſt plain-dealing people would loſe by it , and the *Crafty Jewiſh Traffiquers* in Money , a ſet of men that never deſerved of the Country, and in well governed places were alwayes diſcouraged by Laws, would be the only gainers by it , they borrowing Money by vertue of the Law at low intereſt, and lending it out at high, which never could be prevented as long as people ſtood in need of Money when there was ſcarcity of it. As for example, How eaſie were it to give a Bond for 100 *lib*: bearing the Legal intereſt, when in effect there was no more given by the lender then 90? We ſaw lately in *England* a thing very like this, When the *Guineas* were brought down from the Extravagant Rate they went for, by an Act of Parliament, which was as carefully and cautiouſly made as the Wiſdom

Viſdom of that Nation could contrive: But how ineffectual it was, every body now knows, and might have foreſeen as long as there was ſcarcity of other good Current Money. One common way they had to elude the Act, was, *By laying a Wager with one you knew had Guineas of* 15 lib; For Example, *That he ſhould not get you a hundred for* 22 *ſhillings*, He that had them won his wager, which was the ſame as if he had got 25 for the piece of them. Beſides, if Money were by a Law at a low Intereſt, by no equity could people be reſtrained from raiſing it, that they might lay it out to better Advantage, which would break moſt of the Landed Men, unleſs Money were a great deal more plentiful, which will only be the true and genuine cauſe of a low intereſt.

What I have ſaid is in order to prove the uſefulneſs of the *Bank* to the Nation, that being the main Scope of my Letter, and which would be too tedious if I ſhould inſiſt upon what I hinted at before, to wit, That a low intereſt of Money would advance Trade, it being certain, that when people could not live upon the common intereſt of their Stock, they would apply it to Trade, or if they did not, they muſt retrench their way of living, and ſpend leſs of Forraign Commodities and Manufactories, which how much that would contribute to the enriching of the Nation, every body knows that conſidereth what is laid out that way; So I ſhall prove that the *Bank* can do that which the Parliament can never do, otherwayes then by preſerving the priviledges of it.

Firſt then, It is plain that there can be no other way of Lowering of intereſt of Money, than by making it more plentiful, and this I ſay is really done by the *Bank*, the Money of the Nation being actually multiplyed by *Bank-bills*, And that this is not at all an imaginary but a real multiplication of Money is evident, if we conſider that ſo much of the current Money of the Nation, as is neceſſary for the making of payments between Man and Man, is in effect ſo much dead and loſt ſtock to the place, let the Money be never ſo good, when it is confined to the paſſing amongſt our ſelves, it is no better than *Counters* or *Taillies*. Now the *Bank-bills* ſupplying the place of Money in making of payments, that which was a dead actionleſs

Stock

Stock before is now capable to be Traded with, and may be reckoned as ſo much really added to the Riches of the Nation. We may bring it to a pretty near computation of how much is gained by it. if we ſuppoſe, and that I think ſafely enough, that one Third almoſt of the Money is ſufficient to make the ſmall payments which cannot be ſo conveniently done by *Bank-bills*; Now if we reckon all the Money in this Kingdom to be about 8, or 900000 *lib: Stark:* which Judicious Men do reckon it will amount to, 300000 *lib.* may do the buſineſs of ſmall payments, and 600000 *lib:* may be traded with, or in effect added to the Stock, if any Body quarrel this accompt, I am content to call our whole Money but 600000 *lib:* and ſo 400000 *lib:* will be gained, which is as much as is Signed for in the Books of the *African* and *Indian Company*, and which is look't on as a very conſiderable part of the Riches of the Nation. And by the by, I cannot but wonder that any Body that doth wiſh Well to our Forraign Trade, ſhould exclaim againſt the *Bank*, it being moſt evident, that nothing can or will better advance it than a low Intereſt of Money, which cannot be better effectuated, than by keeping up of the *Bank*; Neither can ever the Notes or Bills of any Trading Company ſupply the place of Money, except it be for a ſmall Summ, and a very ſhort time, for beſides the poſſibility of their Breaking, it does not ſeem ſo convenient for their own Good, for certain it is, that as ſoon as any unlucky hit fell out, that every Body that had their Bills, would bring them upon them, which muſt inevitably cauſe great Confuſion in their Buſineſs, and vaſt Diſadvantage to the Company. Now this cannot be ſuppoſed of the *Bank*, which can never break, unleſs it ſhould be the Fate alſo of the whole Nation, it being alwayes intrinſically and really worth more than the Bills given out by it, ſo that as long as there is Money in the Nation, they may have it, If the *Bank* were ſuppoſed (which is not very credible) to be put to a pinch, upon the ſame real Securitys the Bills were given out upon by the Directors.

2*ly.* There is another very great Advantage by it, and which I judge is very obvious to every Body, and that is the Facilitating of

ayments thereby, and the ſaving a Man of a great deal of time trouble in receiving of Money, which is ſo conſiderable, that re are few who would not give $\frac{1}{2}$ or $\frac{1}{4}$ *per cent*, to be ſaved of e time in Counting, and Enſuring of good Mony, in taking of ay conſiderable Summ.

There is another Way by which the *Bank* Enriches the Nation, and which is an eaſie Conſequence from what is ſaid, and that is by augmenting the Currency of Money, which it muſt neceſſarly do, both by Facilitating Payments, and making it more Plentiful, ſo that a Merchant may raiſe his Stock to Trade with it anew in half the time he could do before, which is in effect, the doubling it to him; It being certain that he that returns his Stock twice in one year, gains as much as if he returned the double of it only once in the ſame time.

There is alſo a very conſiderable encouragement to Thriftineſs by it, and conſequently of advantage to the Nation, which is, that the *Bank* is content to be payed back again in partial payments, by which a man that lives within his yearly Revenues, may inſenſibly crumble away his debt, which he cannot ſo eaſily do when he is owing any conſiderable Summ to a private perſon, who will not readily take it, unleſs he have it altogether, which the Debitor cannot do in a great many years, ſo that he even layes aſide thoughts of it, and ſpends yearly what he has of free Incomes, and is Chamberlain for the reſt to his Creditors.

Now Sir, The Objections againſt the abatement of inteteſt of Money by any ſort of method, are ſo triffling, that I think them ſcarcely worth anſwering, however they are buzz'd in every bodys Ears, by the Rich Uſurer ſort of men, the only Drons of the Nation, who without doing any thing for the good of the Publick, or having any other buſineſs than that of perſecuting their wretched Creditors, do ſuck the very Vitals of the Kingdom, to the utter ruine of Trade, And conſequently to the impoveriſhing of every body in the Nation beſides themſelves. Theſe make a heavy clamour about *Widows* and *Orphans*, that lowering their Intereſt, is taking

taking their bread from them. Now what a ſmall part of the people in the Nation, ſuch make, it is eaſie to compute? Sir *Joſiah Child* calls them a *twentieth*, and I'm ſure they are no more, and of theſe another twentieth will loſe nothing, having either nothing at all left them, or at leaſt ſo little, that their loſs cannot be conſidered, on the contrary they will gain by it, a low Intereſt advancing Trade, and all ſorts of Imploymens, ſo that they may much eaſier get a livelyhood, than when Mony is at a higher Intereſt. But ſuppoſe a few ſhould loſe by it, which by his computation would not be above one of 400, were it not hard that all the reſt ſhould loſs ſuch an advantage, only for the behoof of ſo inconſiderable a number of themſelves.

There be a great many others who have a grudge at the *Bank*, only becauſe they neglected to be Sharers in it, theſe do not own their Objections openly, *Envy being a Paſſion that every Body is aſhamed of*; However to comfort them, it is certain, that if they have any Shares in the *African* and *Indian* Companie, they will gain more by the Advantage a low Intereſt will bring to that Trade, than if they had put in what they could ſpare to the *Bank* and neglected the Other.

Sir, I have now done with what I propoſed, was to be the Subject of my Letter, which for want of patience, I have neither made ſo clear as the matter might have allowed of, nor put in ſo handſome a dreſs, as perhaps with a little more time I could have done; But I conſidered that it was written to One more concerned about that which is really & truly conducible for his *Country*, than the glittering varniſh of words; And who I am certain will go heartily along with the reviving and making effectual of Sumptuary Acts, or any other Propoſals for the Good of the Kingdom, which I hope ſhall be made to the *Committee for Trade* and *Parliament*, by thoſe who have both capacity and Experience in ſuch Affairs. I am

SIR,

Your moſt Humble, &c.

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